

**U.S. Department of Justice**

*United States Attorney  
Northern District of California*

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*11th Floor, Federal Building  
450 Golden Gate Avenue, Box 36055  
San Francisco, California 94102*

*(415) 436-7200  
FAX:(415) 436-7234*

FOR IMMEDIATE RELEASE  
September 12, 2005

**TWO EAST BAY MEN PLEAD GUILTY TO BANKRUPTCY FRAUD**

***Bankruptcy Attorney and Client Concealed Assets From Bankruptcy Court***

OAKLAND – The United States Attorney's Office for the Northern District of California announced that U.S. District Court Judge Claudia Wilken today accepted guilty pleas entered last week from two East Bay individuals for concealing assets from a federal bankruptcy court.

Arnold C. Stewart, 55, of Danville and his attorney, Gregory S. Lyons, 50, of Orinda, California, each pled guilty to one count of bankruptcy fraud-concealment of assets, in violation of 18 U.S.C. § 152. The maximum statutory penalty for a violation of bankruptcy fraud-concealment of assets is five years and a fine of \$250,000. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553. The sentencing of both defendants is scheduled for December 12, 2005, before Judge Wilkin in Oakland.

In pleading guilty, Mr. Stewart and Mr. Lyons each admitted to having intentionally concealed a substantial interest Mr. Stewart had acquired in a coal mining venture from the bankruptcy court, the creditors and the trustee in the Chapter 13 bankruptcy case. The property belonged to the bankruptcy estate. Mr. Lyons was the bankruptcy attorney for the debtor, Mr. Stewart. The defendants also admitted that they had violated a bankruptcy court's confirmation order, which required the sale of property Stewart owned in Mendota, California to pay certain creditors. Instead of selling the Mendota property, the defendants admitted that they used it as collateral to invest in the concealed coal mining venture.

U.S. Attorney Kevin V. Ryan stated, "The bankruptcy process depends on truthful and complete disclosure of financial transactions by debtors who seek its protection. Prosecuting those who fraudulently conceal assets and financial transactions maintains the integrity of the system for debtors who truly need it."

Tina Hua is the Assistant U.S. Attorney and Celeste Miller is the Special Assistant U.S. Attorney who are prosecuting the case with the assistance of Ana Guerra. The prosecution is the result of a six month investigation by the United States Postal Inspection

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Service.

**Further Information:**

Case #:CR-04040132CW

A copy of this press release and related court filings may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Further procedural and docket information along with electronic court filings for criminal cases filed since February 2005 are available at <https://ecf.cand.uscourts.gov/> (click on the link for "to retrieve documents from the court.")

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

All press inquiries to the U.S. Attorney's Office should be directed to Luke Macaulay at (415) 436-6757 or by email at [Luke.Macaulay3@usdoj.gov](mailto:Luke.Macaulay3@usdoj.gov).

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